

**COSUMNES POWER PLANT  
DATA ADEQUACY RESPONSES (01-AFC-19)**

ATTACHMENT WR-16

**US Bureau of Reclamation Contract**

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## RENEWAL OF WATER SUPPLY CONTRACTS

An act to provide for the renewal of certain municipal, domestic, and industrial water supply contracts entered into under the Reclamation Project Act of 1939, and for other purposes. (Act of June 21, 1963, Public Law 88-44, 77 Stat. 68)

[Sec. 1. Municipal, domestic and industrial water supply contracts—Renewal provision.]—The Secretary of the Interior shall, upon request of the other party to any long-term contract for municipal, domestic, or industrial water supply hereafter entered into under clause (2) in the proviso to the first sentence of section 9, subsection (c), of the Reclamation Project Act of 1939 (53 Stat. 1195, 43 U.S.C. 485h), include provision for renewal thereof subject to renegotiation of (1) the charges set forth in the contract in the light of circumstances prevailing at the time of renewal and (2) any other matters with respect to which the right to renegotiate is reserved in the contract. Any right of renewal shall be exercised within such reasonable time prior to the expiration of the contract as the parties shall have agreed upon and set forth therein. (77 Stat. 68; 43 U.S.C. § 485h, note)

Sec. 2. [Priority of rights to a project's water supply.]—The Secretary shall also, upon like request, provide in any such long-term contract or in any contract entered into under clause (1) of the proviso aforesaid that the other party to the contract shall, during the term of the contract and of any renewal thereof and subject to fulfillment of all obligations thereunder, have a first right for the purposes stated in the contract (to which right the holders of any other type of contract for municipal, domestic, or industrial water supply shall be subordinate) to a stated share or quantity of the project's water supply available for municipal, domestic, or industrial use. (77 Stat. 68; 43 U.S.C. § 485h, note)

Sec. 3. [Amendment of water supply contracts.]—The Secretary is hereby authorized, upon request by the other party, to negotiate amendments to existing contracts entered into pursuant to the first sentence of section 9, subsection (c), of the Reclamation Project Act of 1939 to conform said contracts to the provisions of this Act. (77 Stat. 68; 43 U.S.C. § 485h, note)

Sec. 4. [Definitions.]—As used in this Act, the term "long-term contract" means any contract the term of which is more than ten years. (77 Stat. 68; 43 U.S.C. § 485h, note)

## EXPLANATORY NOTES

Editor's Note, Annotations. The reader will find extensive annotations of opinions under Section 9, subsection (c), of the Reclamation Project Act of 1939, referred to herein, which was enacted August 4, 1939.

Legislative History. H.R. 131, Public

Law 88-44 in the 88th Congress. Reported in House from Interior and Insular Affairs, Mar. 11, 1963; H.R. Rept. No. 84. Passed House Apr. 1, 1963. Reported in Senate from Interior and Insular Affairs June 13, 1963; S. Rept. No. 238. Passed Senate June 19, 1963.

*Contract 3101*

R.O. Draft 9/16-1970

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Central Valley Project, California

Contract No.  
14-06-200-5198A

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND SACRAMENTO  
MUNICIPAL UTILITY DISTRICT PROVIDING FOR WATER SERVICE

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	1- 3
1	Definitions	4- 5
2	Term of Contract--Beneficial Use	5
3	Water to Be Furnished to the District	6- 9
4	Water Use Schedules	10
5	Transfers or Exchanges of Water	11
6	Payment	11-19
7	Renegotiation	19
8	Adjustments	20
9	Point of Delivery--District Facilities--Measurement-- Responsibility for Distribution of Water--Maintenance of Flows and Levels--Temporary Reductions	21-23
10	Water Shortage and Apportionment	24-25
11	Quality of water	25
12	Water Pollution Control	26
13	Air Pollution Control	27
14	Benefits Conditioned upon Payment--General Obligation	27
15	Refusal of Water in Case of Default	28
16	Rules and Regulations	28
17	Penalty for Delinquent Payments	28
18	Books, Records, and Reports	29

<u>Article Number</u>	<u>Title</u>	<u>Page Number</u>
19	Contingent on Appropriation or Allotment of Funds	30
20	Officials Not to Benefit	30
21	Notices	31
22	Assignment Limited--Successors and Assigns Obligated	31
23	Determinations	32
24	Equal Opportunity	33-35
	Signatures	36

1  
2 UNITED STATES  
3 DEPARTMENT OF THE INTERIOR  
4 BUREAU OF RECLAMATION  
5 Central Valley Project, California

Contract No.  
14-06-200-5198A

6 CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND SACRAMENTO  
7 MUNICIPAL UTILITY DISTRICT PROVIDING FOR WATER SERVICE

8 THIS CONTRACT, made this 20 day of November, 1970,  
9 in pursuance generally of the Act of June 17, 1902 (32 Stat. 388),  
10 and acts amendatory thereof or supplementary thereto, all collectively  
11 hereinafter referred to as the Federal reclamation laws, between THE  
12 UNITED STATES OF AMERICA, hereinafter referred to as the United States,  
13 and the SACRAMENTO MUNICIPAL UTILITY DISTRICT, hereinafter referred  
14 to as the District, a public agency of the State of California,  
15 duly organized, existing, and acting pursuant to the laws thereof,  
16 with its principal place of business in Sacramento, California,

17 WITNESSETH, That:

18 EXPLANATORY RECITALS

19 WHEREAS, the United States is constructing and operating  
20 the Central Valley Project, California, for the purpose, among others,  
21 of furnishing water for irrigation, municipal, industrial, domestic,  
22 and other beneficial uses; and

WHEREAS, the United States is authorized to construct  
the Auburn-Folsom South Unit as an integral part of the Central

Preamble  
Explanatory Recitals--

1 Valley Project and there will be available from that Unit a water  
2 supply for the District for municipal, industrial, and domestic  
3 use, which will not impair the efficiency of the Project for irrigation  
4 purposes; and

5 WHEREAS, the District has a potential need of a water  
6 supply and desires to contract for the furnishing by the United  
7 States of such supply; and

8 WHEREAS, investigations of the streamflow of the Sacramento,  
9 the Trinity, the American, and the San Joaquin Rivers and their  
10 tributaries indicate that there will be available for furnishing  
11 to the District the quantities of water herein provided for; and

12 WHEREAS, an agreement of assignment entered into by  
13 the District and the City of Sacramento, a municipal corporation,  
14 under date of June 28, 1957, provides in part that said City shall  
15 allow the District upon request to divert up to 20 cubic feet  
16 per second of water from the American or Sacramento River to which  
17 the City has a right under its applications for consumptive use;  
18 and

19 WHEREAS, the United States is willing to furnish water to  
20 the District from Project supplies available for municipal, industrial,  
21 and domestic use from that Unit and is willing to transmit to  
22 the District through the Canal the 20 cubic feet per second of

1 water [which for convenience in administering this contract shall  
2 be deemed to be equivalent to 40 acre-feet per day] referred to  
3 in the preceding paragraph;

4 NOW, THEREFORE, in consideration of the covenants herein  
5 contained, it is agreed as follows:

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1 (e) "initial delivery date" shall mean January 1 of the  
2 year in which the Secretary announces that water from the  
3 Canal is first available for delivery to the District under  
4 this contract;

Established AS JAN 1, 1973

5 (f) "year" shall mean a calendar year; and

6 (g) "fiscal year" shall mean the period commencing July 1  
7 and ending the following June 30.

8 TERM OF CONTRACT--BENEFICIAL USE

9 2. (a) This contract shall be effective on the date first  
10 hereinabove written and shall remain in effect for a period of  
11 40 years, commencing with the year in which the Contracting Officer  
12 announces that water is available from the Canal to any customers  
13 holding long-term contracts for service therefrom: Provided, That  
14 under terms and conditions agreeable to the parties, renewals of  
15 this contract may be made for successive periods not to exceed  
16 40 years each. The terms and conditions of each renewal shall  
17 be agreed upon not later than 1 year prior to the expiration of  
18 the then existing contract.

19 (b) The right to the beneficial use of water furnished  
20 to the District pursuant to this contract and any renewal hereof  
21 shall not be disturbed so long as the District fulfills all of  
22 its obligations under this contract and such renewal.

1                                    WATER TO BE FURNISHED TO THE DISTRICT

2            3.    (a)   The United States shall use all reasonable diligence  
3            to make available to the District and the District shall pay for the  
4            quantities of water specified in the schedule submitted by the District  
5            in accordance with Article 4: Provided, That the United States shall  
6            make available and the District shall pay for as a minimum the quantities  
7            set forth in the following table and that the United States shall not be  
8            obligated to furnish more than 75,000 acre-feet of water during any year  
9            of the term of this contract: And provided further, That if the District,  
10           prior to December 31, 1990, requests a decrease in the cumulative minimum  
11           quantities, such decrease shall be approved by the Contracting Officer  
12           within 12 months after receiving such request to the extent that other  
13           entities contract to buy the quantity in excess of the District's needs,  
14           or any portion thereof, at a rate of payment not less than that which the  
15           District is obligated to pay under this contract. The Contracting Officer  
16           will not refuse to contract with another entity willing and able to buy  
17           such quantity, or any portion thereof, at such a rate. Years shown refer  
18           to the years following the year of initial delivery date. The amount of  
19           revenue received in any year in excess of the payment for the cumulative  
20           minimum requirement in the following table for such year may be used in  
21           succeeding years to meet the payment for the cumulative minimum require-  
22           ment for water not actually used during such years. The amount of revenue  
23           received for water paid for within the cumulative minimum requirement for  
24           any year but not used during such year may be applied to meet the payment  
25           for any succeeding year to offset quantities used in excess of the  
26           cumulative minimum requirement for such year.

Table  
(in Acre-Feet)

Year	Cumulative Minimum	Year	Cumulative Minimum
1 1973	1,000	21	294,000
2 74	9,000	22 1994	309,000
3 75	24,000	23	324,000
4 76	39,000	24 1996	339,000
5 77	54,000	25 1997	354,000
6 78	69,000	26 99	375,000
7 79	84,000	27 99	402,000
8 80	99,000	28 2000	435,000
9 81	114,000	29	474,000
10 82	129,000	30	519,000
11 83	144,000	31	570,000
12 84	159,000	32	627,000
13 85	174,000	33	690,000
14 86	189,000	34	759,000
15 87	204,000	35 2001	834,000
16 88	219,000	36	909,000
17 89	234,000	37	984,000
18 1990	249,000	38	1,059,000
19	264,000	39	1,134,000
20	279,000	40	1,209,000

1           (b) This contract shall not preclude the District from  
2 obtaining water from non-Project sources to satisfy its water supply  
3 needs: Provided, That the District shall not be relieved from its  
4 obligation to pay for the minimum quantities of water specified in  
5 subdivision (a) of this article.

6           (c) Pursuant to Contract No. 14-06-200-6497 between the  
7 United States and the City of Sacramento, and in accordance with the  
8 agreement of assignment of June 28, 1957, between the District and the  
9 City of Sacramento, the first 40 acre-feet of water furnished to the  
10 District during each day shall be deemed to be water which the District  
11 is allowed to divert under the agreement of assignment. Such diversions  
12 shall be considered to be part of the quantity of water which the  
13 District is obligated to pay for pursuant to this contract.

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1           (d) If at any time or times during the term of this contract  
2 the District determines that its water needs for the remainder of  
3 said term are for quantities different from those set forth in sub-  
4 division (a) of this article, by agreement the parties may decrease  
5 or, to the extent that water is available, as determined by the  
6 Contracting Officer, increase the quantities of water to be delivered  
7 by the United States. The Contracting Officer shall agree to any  
8 decrease in said quantities of water requested by the District if  
9 he can find a market for the balance of the water under terms and  
10 conditions satisfactory to him.

11           (e) If the District in any year requires a quantity of  
12 water in addition to the maximum quantity which the United States is  
13 obligated to furnish to the District, such additional water, if  
14 available, as determined by the Contracting Officer, may be furnished  
15 upon receipt from the District of a written request for such additional  
16 water together with a schedule indicating the desired times and  
17 quantities and payment for such water at the rate specified in  
18 Article 6. The furnishing by the United States and acceptance by  
19 the District of such additional water shall neither entitle nor  
20 obligate the District to receive such quantities in subsequent years.

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1                                    WATER USE SCHEDULES

2            4. For each year the District will submit a schedule showing  
3            the quantities of water required monthly. The first schedule for  
4            the balance of the then current year shall be submitted prior to  
5            the date on which the District wishes to take initial delivery of  
6            water hereunder. Thereafter, schedules for the succeeding years  
7            will be submitted no later than each November 1. All schedules  
8            shall be satisfactory in form to the Contracting Officer. The  
9            United States shall attempt to furnish said water in accordance with  
10           the aforesaid schedules or any revision satisfactory to the Contracting  
11           Officer, submitted by the District at least 15 days before the  
12           desired time for delivery or within such lesser period as the  
13           Contracting Officer shall determine to be reasonable.

1                                   TRANSFERS OR EXCHANGES OF WATER

2           5. Upon approval by the Contracting Officer of such arrange-  
3 ments, the District may enter into contracts, transfers, or exchanges  
4 with other water users which would have the effect of providing addi-  
5 tional water to the District from the Project, or which would have the  
6 effect of transferring water furnished or delivered hereunder to third  
7 parties having contracts with the United States for water from the  
8 Project.

9                                   PAYMENT

10          6. (a) The Contracting Officer will notify the District of  
11 the date on which water will be available for delivery to the District  
12 from the Canal at least 6 months in advance. If the District does  
13 not accept delivery of water as soon as it becomes available, in  
14 January of the year following the year in which the initial delivery  
15 date occurs and each month of each year thereafter until the District  
16 desires to accept delivery of water, the District shall pay for 1/12  
17 of the quantity of water that will fulfill the cumulative minimum  
18 quantity requirement for that year specified in subdivision (a) of  
19 Article 3. Prior to the date on which it wishes to accept first  
20 delivery of water hereunder the District shall pay for the water  
21 scheduled to be delivered during the first 2 calendar months.  
22 Before the end of the first month of delivery and before the  
23 end of each month thereafter, the District shall pay for

1 the water to be delivered pursuant to the latest approved schedule  
2 during the second month immediately following. Water furnished in  
3 accordance with subdivision (e) of Article 3 shall be paid for in full  
4 at the time or times such requests are made. Adjustment for any  
5 difference between the payment for the scheduled amount of water and  
6 payment for the quantity of water actually delivered in any month,  
7 shall be made in the payment in the month immediately following:  
8 Provided, That the quantity of water paid for in any year shall not be  
9 less than the quantity necessary to fulfill the cumulative minimum  
10 quantity requirement for that year specified in subdivision (a) of  
11 Article 3, except as otherwise provided herein, and any additional  
12 payment required shall be made in December of that year: And provided  
13 further, That in the event the District is unable, fails, or refuses to  
14 accept delivery of the quantities of water available for delivery to it  
15 and which it is required to pay for pursuant to this contract, or in the  
16 event that the District in any year fails to submit a schedule as provided  
17 in Article 4, said inability, failure, or refusal shall not relieve the  
18 District of the obligation to pay for such water and the District agrees  
19 to make payment therefor in the same manner as if such water had been  
20 delivered and accepted by the District in accordance with this contract.

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(b) Except for the first 40 acre-feet furnished to the District each day, the District shall pay a Delta service component at the rate of \$9 per acre-foot. On January 1, 1996, and at any time or times thereafter but not more than once in any 5-year period, the component may be adjusted so that it will provide revenues which, when added to the revenues from the component paid and anticipated to be paid over the Project repayment period, hereafter described in this article, by the District and by all other purchasers of Project water for municipal and industrial use who are subject to the Delta service component, will:

(1) Reimburse the United States for the portion of operation and maintenance costs properly allocable to municipal and industrial service of the Delta service facilities;

(2) Reimburse the United States for interest on the unpaid balance of the capital costs properly allocable to municipal and industrial service of the Delta service facilities which are existing or under construction;

(3) Reimburse the United States for the portion of the capital costs properly allocable to municipal and industrial service of the Delta service facilities which are existing or under construction; and

1                   (4) Provide additional revenues not to exceed  
2                   20% of the total amount of the revenues received and  
3                   estimated to be received pursuant to subsections (1), (2), and  
4                   (3) hereof, which additional revenues shall be credited against  
5                   the costs of the Project properly allocable to agricultural use:  
6                   Provided, however, That revenues shall not be so credited until  
7                   after the interest referred to in subsection (2) and the capital  
8                   costs referred to in subsection (3) hereof shall have been paid  
9                   in full.

10           All funds received as the Delta service component shall be credited in  
11           the order and manner set forth above. Computations of adjustments of  
12           the component shall be on the basis that the Project repayment period  
13           began in 1941 and will continue for 50 years after completion  
14           of the last addition to the Project, and the interest rates shall be  
15           as determined by the Secretary at the time of each such addition, all  
16           pursuant to Project authorizing legislation. No adjustment shall  
17           increase or decrease the amount of the Delta service component by  
18           more than 20%. Before announcing an adjustment of  
19           the component, the Contracting Officer will make available to the  
20           District the date and computations upon which a proposed adjustment  
21           is based and will afford the District not less than 3 months  
22           to study and to comment thereon. Final determination of an adjustment  
23           will be announced by the Contracting Officer after consideration of  
24           the District's comments but not less than 6 months prior to the  
25           effective date thereof.

1           (c) In addition to the Delta service component pursuant  
2 to subdivision (b) hereof the District shall pay a Canal operation,  
3 maintenance, and replacement component of \$1 per acre-foot for all  
4 water furnished pursuant to this contract including the first 40 acre-  
5 feet each day, for the period ending the 5th fiscal year following  
6 that in which the initial delivery date occurs. Prior to June 15 of  
7 the last fiscal year of said period and June 15 of each succeeding  
8 5th fiscal year thereafter, the Canal operation, maintenance, and  
9 replacement component per acre-foot shall be redetermined by the  
10 Contracting Officer for the succeeding 5 fiscal years by dividing the  
11 estimated average annual operation, maintenance, and replacement costs  
12 of the Canal for that period, less the estimated incremental annual  
13 operation, maintenance, and replacement costs for said 5 fiscal years  
14 attributable to the East Side Division, by 600,000, or the total  
15 quantity of water that users of water from the Canal are obligated  
16 to pay for during the 5th fiscal year of the previous 5-fiscal-year  
17 period, whichever is the greater. When the water use during the 5th  
18 fiscal year of the preceding 5-fiscal-year period is less than  
19 600,000 acre-feet, the operation, maintenance, and replacement  
20 expenses may exceed the operation, maintenance, and replacement  
21 revenues. The deficit for each fiscal year shall be added to the

1 construction cost of the Canal. When the total water paid for  
2 during the 5th fiscal year of the preceding 5-fiscal-year period  
3 is greater than 600,000 acre-feet, and each 5th fiscal year  
4 thereafter, an adjustment will be made in the estimated cost in  
5 computing the component for the next 5-fiscal-year period to reflect  
6 the difference in the actual and estimated water use and the operation,  
7 maintenance, and replacement costs for the preceding 5 fiscal years.

8 (d) In addition to the foregoing components, the District  
9 shall pay a conveyance component which is intended to be fixed so as  
10 to repay the District's share of the capital cost of the Canal with  
11 interest on the unpaid balance at 3.225% per annum within the  
12 computation period. The conveyance component shall be \$6 per acre-  
13 foot for all water furnished pursuant to this contract including the  
14 first 40 acre-feet each day, for the period ending the 5th fiscal  
15 year following the fiscal year in which the initial delivery date  
16 occurs. Prior to June 15 of the last fiscal year of that period and  
17 June 15 of each succeeding 5th fiscal year thereafter, the Contracting  
18 Officer will redetermine the conveyance component for the succeeding  
19 5 fiscal years in accordance with the following:

20 (1) As used herein, the terms:

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1           a. "capital cost" shall mean the total  
2           construction cost of the Canal, including the estimated  
3           cost of portions of the Canal yet to be constructed,  
4           plus the deficit in operation, maintenance, and replace-  
5           ment costs, as determined pursuant to subdivision (c)  
6           hereof, and interest during construction at the rate  
7           of 3.225% per annum, less the incremental portion of  
8           the aforesaid costs attributable to the East Side Division;

9           b. "computation period" shall mean a period  
10          commencing July 1 of the fiscal year following the fiscal  
11          year water is first available for delivery from the Canal  
12          and extending to June 30 of the 50th fiscal year after  
13          water is first available for delivery from the last major  
14          reach of the Canal;

15          c. "present worth" shall mean the sum of  
16          discounted annual quantities of water use at 3.225%  
17          per annum;

18          d. "District's total water use" shall mean  
19          either the annual quantities determined from subdivision (a)  
20          of Article 3 and 75,000 acre-feet or such smaller quantities  
21          provided for in the second proviso in subdivision (a) of  
22          Article 3 extended annually through the remainder  
23          of the computation period, or the District's  
24          past annual water quantities paid for plus its

1 estimated future deliveries projected through the  
2 computation period, whichever is the greater; and

3 e. "District's projected water use" shall mean  
4 that portion of the District's total water use which  
5 is to take place in the future, estimated as of the beginning  
6 of the period for which the conveyance component is redetermined;

7 (2) The District's share of the capital cost shall  
8 be determined each fiscal year by dividing the present worth,  
9 as of the beginning of the computation period, of the District's  
10 total water use by 14,364,000 (which is the present worth  
11 of the estimated deliveries of 36,168,000 acre-feet through  
12 the Canal during the computation period), and then multiplying  
13 this quotient by the capital cost;

14 (3) The amount of the District's unpaid balance  
15 shall be determined by the Contracting Officer as of June 30  
16 of each fiscal year, and shall be the District's share of  
17 the capital cost determined pursuant to subsection (2) hereof  
18 for said year, plus interest at 3.225% per annum charged on  
19 the amount of the District's unpaid balance, less the accumulated  
20 conveyance component revenues paid by the District prior to  
21 the date of determination: Provided, That no interest shall  
22 accrue on the unexpended portion of the capital cost; and

(4) The conveyance component will be redetermined by dividing the amount of the District's then current unpaid balance (as adjusted by discounting at 3.225% per annum to the beginning of the 5-year period those portions of capital cost estimated to be expended in the future) by the present worth, at the time of redetermination, of the District's projected water use.

RENEGOTIATION

7. If, hereafter, the United States enters into, renews, or amends any contract for municipal and industrial water from the Project which, because of a change in general Reclamation law or generally applicable policy, contains terms and conditions substantially more favorable with respect to (a) the Delta service component, or (b) other matters similar to those contained in this contract, the United States, upon the District's request, will renegotiate this contract for the purpose of providing comparable terms in accordance with the new law or policy.

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1                    POINT OF DELIVERY--DISTRICT FACILITIES--MEASUREMENT--  
2                    RESPONSIBILITY FOR DISTRIBUTION OF WATER--MAINTENANCE OF  
                    FLows AND LEVELS--TEMPORARY REDUCTIONS

3            9.    (a)   The water to be furnished to the District pursuant to  
4            this contract will be delivered through a turnout from the Canal  
5            located at a point on the Canal approximately 700 feet upstream from  
6            the inlet transition of the Laguna Creek siphon. The capacity of the  
7            turnout will be not less than 170 cubic feet per second.

8                    (b)   The District will furnish the Contracting Officer  
9            drawings showing the construction to be performed by the District  
10           within the Canal right-of-way 6 months before starting said construction.  
11           The facilities may be installed, operated, and maintained on the  
12           Canal right-of-way subject to such restrictions and regulations  
13           as to type, location, method of installation, operation, and maintenance  
14           as may be prescribed by the Contracting Officer.

15                    (c)   All water delivered from the Canal shall be measured by  
16           the Contracting Officer with equipment furnished, operated, and  
17           maintained by the United States. The measuring equipment shall be  
18           installed by the District at its expense after submitting installation  
19           drawings to the Contracting Officer and obtaining his written approval  
20           thereto. All determinations relating to the measurement of such water  
21           shall be made by the Contracting Officer after consultation with the

1 District. Upon request of the District the accuracy of such measurements  
2 will be investigated by the Contracting Officer and any errors  
3 appearing therein will be adjusted.

4 (d) The United States shall not be responsible for the  
5 control, carriage, handling, use, disposal, or distribution of water  
6 beyond the facilities then being operated and maintained by the  
7 United States and the District shall hold the United States harmless  
8 on account of damage or claim of damage of any nature whatsoever  
9 for which there is legal responsibility, including property damage,  
10 personal injury, or death arising out of or connected with the  
11 control, carriage, handling, use, disposal, or distribution of  
12 water beyond such facilities.

1           (e) The United States shall make all reasonable efforts,  
2 consistent with the overall operation of the Project, to maintain  
3 sufficient flows and levels of water in the Canal to furnish water  
4 to the District at the full designed capacity of the turnout  
5 established as the delivery point pursuant to this article.

6           (f) The United States may temporarily discontinue or  
7 reduce the quantity of water to be furnished to the District as herein  
8 provided for the purposes of investigation, inspection, maintenance,  
9 repair, or replacement of any of the Project facilities or any part  
10 thereof necessary for the furnishing of water to the District, but  
11 so far as feasible the United States will give the District due  
12 notice in advance of such temporary discontinuance or reduction, except  
13 in case of emergency, in which case no notice need be given: Provided,  
14 however, That the United States shall use its best efforts to avoid any  
15 discontinuance or reduction in service for a period longer than 3  
16 days. In the event of any such discontinuance or reduction, upon  
17 resumption of service and if requested by the District the United States  
18 will attempt to deliver the quantity of water which would have been  
19 furnished hereunder in the absence of such contingency.

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1                                    WATER SHORTAGE AND APPORTIONMENT

2            10. In its operation of the Project the United States will  
3 use all reasonable means to guard against a condition of shortage  
4 in the quantity of water available to the District pursuant to  
5 this contract. If, nevertheless, a shortage does occur during  
6 any year on account of drought, errors in operation, or other causes  
7 which, in the opinion of the Contracting Officer, are beyond his  
8 control, in no event shall any liability accrue against the United  
9 States or any of its officers, agents, or employees for any damage,  
10 direct or indirect, arising therefrom. In a year in which the  
11 Contracting Officer determines that there is a shortage in the  
12 quantity of water available to customers of the United States from  
13 the Project, the Contracting Officer will apportion the available  
14 water among the water users capable of receiving water from the  
15 same Project water supply in such manner as he deems equitable  
16 and physically possible, subject to the following limitation:  
17 The quantities to water users receiving municipal and industrial  
18 water service shall not be reduced until the reduction assigned  
19 to agricultural water users amounts to 25% of the agricultural  
20 contractual commitments for that year. In the event further reductions  
21 are necessary, the supplies for both municipal and industrial and

1 agricultural users shall be reduced by the same percentages:  
2 Provided, That the foregoing shall not affect the obligations of  
3 the United States under contracts entered into prior to the date of  
4 this contract, or under water rights settlements.

5 QUALITY OF WATER

6 11. The operation and maintenance of Project facilities and  
7 the design and construction of new Project facilities for the pro-  
8 vision of Project water under this contract shall be performed in  
9 such a manner as to maintain the quality of raw water to be delivered  
10 hereunder at the highest level reasonably attainable as determined  
11 by the Contracting Officer. The United States is under no obligation  
12 to construct or furnish water treatment facilities to maintain or to  
13 better the quality of water. Further, the United States does not  
14 warrant the quality of water to be furnished pursuant to this  
15 contract.

1                                    WATER POLLUTION CONTROL

2            12. The District agrees that within its legal authority, it  
3 will comply fully with all applicable Federal laws, orders, and  
4 regulations, and the laws of the State of California, all as  
5 administered by appropriate authorities, concerning the pollution  
6 of streams, reservoirs, groundwater, or water courses with respect  
7 to thermal changes or the discharge of refuse, garbage, sewage  
8 effluent, industrial waste, oil, mine tailings, mineral salts,  
9 radioactive materials, or other pollutants. The District further  
10 agrees that any contract it may enter into with a third party for  
11 the furnishing of Project water will contain a similar water pollution  
12 control article. Nothing herein shall affect the right of the District  
13 to collect, store, use, or release water not purchased hereunder.  
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1                   REFUSAL OF WATER IN CASE OF DEFAULT

2           15. No water shall be furnished to the District during any  
3 period in which the District may be in arrears in the advance payment  
4 of charges accruing under this contract.

5                   RULES AND REGULATIONS

6           16. The Secretary reserves the right to make, after consultation  
7 with the District, such rules and regulations consistent with the  
8 provisions of this contract, the laws of the United States and the  
9 State of California, and to add to or to modify them as may be  
10 deemed proper and necessary to carry out this contract, and to  
11 supply necessary details of its administration which are not covered  
12 by express provisions of this contract. The District agrees to  
13 observe such rules and regulations.

14                   PENALTY FOR DELINQUENT PAYMENTS

15           17. The District shall pay a penalty on installments or charges  
16 which become delinquent computed at the rate of 0.5% per month of the  
17 amount of such delinquent installments or charges for each day from  
18 such delinquency until paid: Provided, That no penalty shall be charged  
19 to the District unless such delinquency continues for more than 30 days.  
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BOOKS, RECORDS, AND REPORTS

18. (a) The District shall establish and maintain books and records pertaining to its water supply and water use and to such other matters pertaining to this contract as the Contracting Officer may require. Reports thereon shall be furnished to the United States in such form and on such date or dates as may be required by the Contracting Officer. Each party shall have the right during office hours to examine and make copies of the other party's books and official records relating to matters covered by this contract.

(b) The Contracting Officer will furnish the District with a copy of each annual financial analysis of the Project, which shall include a separate statement of financial status of the Project elements involved in supplying and delivering Project water under this contract, promptly after the same is prepared. The first of such analyses shall be furnished not later than June 1, 1971. Such analyses will be in accordance with sound accounting principles consistently applied and will include a summary of cost allocations and schedules of past and projected repayments. No analysis will preclude the United States from thereafter changing Project cost allocations or accounting methods.

1                   CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

2           19. The expenditure or advance of any money or the performance  
3 of any work by the United States hereunder which may require appropriation  
4 of money by the Congress or the allotment of funds shall be contingent  
5 upon such appropriation or allotment being made. The failure  
6 of the Congress to appropriate funds or the absence of any allotment  
7 of funds shall not relieve the District from any obligations under  
8 this contract. No liability shall accrue to the United States  
9 in case such funds are not appropriated or allotted.

10                   OFFICIALS NOT TO BENEFIT

11           20. (a) No Member of or Delegate to Congress or Resident  
12 Commissioner shall be admitted to any share or part of this contract  
13 or to any benefit that may arise herefrom. This restriction shall  
14 not be construed to extend to this contract if made with a corporation  
15 or company for its general benefit.

16                   (b) No official of the District shall receive any benefit  
17 that may arise by reason of this contract other than as a resident  
18 within the District and in the same manner as other residents  
19 within the District.

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1           (c) The District will send to each labor union or  
2     representative of workers with which it has a collective  
3     bargaining agreement or other contract or understanding, a  
4     notice, to be provided by the Contracting Officer,  
5     advising the labor union or workers' representative of the  
6     District's commitments under this Equal Opportunity clause,  
7     and shall post copies of the notice in conspicuous places  
8     available to employees and applicants for employment.

9           (d) The District will comply with all provisions of  
10    Executive Order No. 11246 of September 24, 1965, as amended,  
11    and of the rules, regulations, and relevant orders of the  
12    Secretary of Labor.

13          (e) The District will furnish all information and reports  
14    required by Executive Order No. 11246 and by the rules, regulations,  
15    and orders of the Secretary of Labor, or pursuant thereto, and  
16    will permit access to its books, records, and accounts by the  
17    Contracting Officer and the Secretary of Labor for purposes of  
18    investigation to ascertain compliance with such rules, regulations,  
19    and orders.  
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1           (f) In the event of the District's noncompliance with  
2 the Equal Opportunity clause of this contract or with any  
3 of the said rules, regulations, or orders, this contract may  
4 be canceled, terminated, or suspended, in whole or in part,  
5 and the District may be declared ineligible for further Government  
6 contracts in accordance with procedures authorized in  
7 Executive Order No. 11246, and such other sanctions may be imposed and  
8 remedies invoked as provided in said Executive Order, or by  
9 rule, regulation, or order of the Secretary of Labor, or as  
10 otherwise provided by law.

11           (g) The District will include the provisions of sub-  
12 divisions (a) through (g) in every subcontract or purchase order  
13 unless exempted by rules, regulations, or orders of the Secretary  
14 of Labor issued pursuant to Section 204 of Executive Order No. 11246,  
15 so that such provisions will be binding upon each subcontractor  
16 or vendor. The District will take such action with respect to  
17 any subcontract or purchase order as the Contracting Officer may  
18 direct as a means of enforcing such provisions, including  
19 sanctions for noncompliance: Provided, however, That in the  
20 event the District becomes involved in, or is threatened with,  
21 litigation with a subcontractor or vendor as a result of such  
22 direction by the Contracting Officer, the District may request  
23 the United States to enter into such litigation to protect the  
24 interests of the United States.

1           IN WITNESS WHEREOF, the parties have executed this  
2 contract the day and year first above written.  
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4           THE UNITED STATES OF AMERICA

5  
6           By *R. J. Pefferd*  
7           Regional Director, Region 2  
8           Bureau of Reclamation

9           SACRAMENTO MUNICIPAL UTILITY DISTRICT

10          (SEAL)

11          By *Royal Miller*  
12          President

13          ATTEST:

14          *David L. Kaplan*  
15          Secretary